

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2021 Second Round

September 29, 2021

Heritage House & Valle Verde, located at 3700 and 3710 Valle Verde Drive in Napa, requested and is being recommended for a reservation of \$2,883,928 in annual federal tax credits to finance the new construction of 88 units of housing serving tenants and special needs tenants with rents affordable to households earning 20-60% of area median income (AMI). The project will be developed by Burbank Housing Development Corporation and will be located in Senate District 3 and Assembly District 4.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers. The project financing includes state funding from the NPLH program of HCD.

Project Number CA-21-124

Project Name Heritage House & Valle Verde
Site Address: 3700 and 3710 Valle Verde Drive
Napa, CA 94558 County: Napa
Census Tract: 2006.200

Tax Credit Amounts	Federal/Annual *	State/Total
Requested:	\$2,883,928	\$0
Recommended:	\$2,883,928	\$0

* Consolidated Appropriations Act, 2021 (CAA) Federal Credits

Applicant Information

Applicant: Burbank Housing Development Corporation
Contact: Jocelyn Lin
Address: 1425 Corporate Center Parkway
Santa Rosa, CA 95407
Phone: 707-303-0590
Email: jlin@burbankhousing.org

General Partner(s) / Principal Owner(s): Burbank Housing Development Corporation
Allied Housing, Inc.
General Partner Type: Nonprofit
Parent Company(ies): Burbank Housing Development Corporation
Allied Housing, Inc.
Developer: Burbank Housing Development Corporation
Investor/Consultant: U.S. Bancorp
Management Agent(s): Burbank Housing Management Corporation

Project Information

Construction Type: New Construction / Adaptive Reuse
Total # Residential Buildings: 2
Total # of Units: 90
No. & % of Tax Credit Units: 88 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: HUD Section 8 Project-based Vouchers (38 units - 43%) / CDBG-DR

Information

Set-Aside: N/A
Housing Type: Special Needs, At least 20% 1-BR units & 10% larger than 1-BR units
Type of Special Needs: Homeless/formerly homeless and/or tenants with physical, mental, or developmental disabilities
Average Targeted Affordability of Special Needs/SRO Project Unit: 34.77%
% of Special Need Units: 44 units 50.00%
Geographic Area: Northern Region
TCAC Project Analyst: Sarah Gullikson

55-Year Use / Affordability

Aggregate Targeting Number of Units	Percentage of Affordable Units
At or Below 20% AMI: 44	50%
At or Below 30% AMI: 10	10%
At or Below 50% AMI: 10	10%
At or Below 60% AMI: 21	20%

Unit Mix

58 SRO/Studio Units
20 1-Bedroom Units
6 2-Bedroom Units
6 3-BedroomUnits

90 Total Units

Unit Type & Number	2021 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
36 SRO/Studio	20%	\$398
4 1 Bedroom	20%	\$398
3 SRO/Studio	30%	\$597
3 1 Bedroom	30%	\$639
3 SRO/Studio	40%	\$745
8 SRO/Studio	50%	\$745
8 SRO/Studio	60%	\$745
4 1 Bedroom	20%	\$426
2 1 Bedroom	30%	\$639
1 2 Bedrooms	30%	\$768
1 3 Bedrooms	30%	\$886
2 1 Bedroom	50%	\$1,066
4 1 Bedroom	60%	\$1,279
5 2 Bedrooms	60%	\$1,536
4 3 Bedrooms	60%	\$1,773
1 1 Bedroom	Manager's Unit	\$0
1 3 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$6,416,564
Construction Costs	\$26,370,547
Rehabilitation Costs	\$0
Construction Contingency	\$2,352,150
Relocation	\$0
Architectural/Engineering	\$2,288,927
Const. Interest, Perm. Financing	\$1,905,169
Legal Fees	\$115,000
Reserves	\$2,678,734
Other Costs	\$3,787,330
Developer Fee	\$2,200,000
Commercial Costs	\$0
Total	\$48,114,421

Residential

Construction Cost Per Square Foot:	\$387
Per Unit Cost:	\$534,605
True Cash Per Unit Cost*:	\$487,249

Construction Financing

Source	Amount
US Bank	\$27,774,729
Seller Carryback	\$4,262,015
County of Napa	\$1,317,985
County of Napa (Whole Person Care)	\$1,000,000
City of Napa - HTF Loan	\$2,200,000
CDBG-DR**	\$2,664,774
Queen of the Valley**	\$1,000,000
NPLH-Technical Assistance**	\$75,000
GP Equity: Partnership Health Grant	\$1,000,000
Deferred Costs	\$4,283,134
Tax Credit Equity	\$2,536,784

Permanent Financing

Source	Amount
Seller Carryback	\$4,262,015
HCD NPLH	\$5,653,152
HCD NPLH - Non-competitive	\$500,000
HCD NPLH COSR	\$1,768,652
County of Napa	\$1,317,985
County of Napa (Whole Person Care)	\$1,000,000
City of Napa - HTF Loan	\$2,200,000
CDBG-DR**	\$2,664,774
Queen of the Valley**	\$1,000,000
NPLH-Technical Assistance**	\$75,000
GP Equity: Partnership Health Grant	\$1,000,000
Tax Credit Equity	\$26,672,843
TOTAL	\$48,114,421

*Less Donated Land, Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

**Sponsor Loan

Determination of Credit Amount(s)

Requested Eligible Basis:	\$24,648,953
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$32,043,639
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,883,928
Approved Developer Fee (in Project Cost & Eligible Basis)	\$2,200,000
Investor/Consultant:	U.S. Bancorp
Federal Tax Credit Factor:	\$0.92488

The “as if vacant” land value and the existing improvement value established at application, as well as the eligible basis amount derived from those values, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits, unless a waiver has been granted for a purchase price not to exceed the sum of third party debt that will be assumed or paid off. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Disaster Credit Tie Breaker Information

First:	No
Second:	Yes
Third:	\$33,456.24

Significant Information / Additional Conditions

Development costs are roughly \$534,605 per unit. The factors affecting this cost includes high real estate costs for the area, removal of a backup generator on site, and costs to reconfigure and repurpose an existing structure.

The repurposed units at Heritage House will not be individually metered, and the sponsor will pay for all utilities, while the newly constructed units at Valle Verde will be separately metered with tenants only paying for electric.

This project will include the new construction of a building consisting of 24 total units and the adaptive reuse of an existing 74-room assisted living facility constructed in 1988 and vacant since 2004. The assisted living facility is located adjacent to the new construction site and will be renovated and reconfigured to include 66 total units. Upon completion, the project will include 88 LIHTC units and 2 manager’s units.

Resyndication and Resyndication Transfer Event: None.

Local Reviewing Agency

The Local Reviewing Agency, City of Napa, has completed a site review of this project and strongly supports this project.

Standard Conditions

The applicant must submit all documentation required for a Carryover Allocation and any Readiness to Proceed Requirements elected. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

TCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of TCAC.

The applicant must pay TCAC a performance deposit and allocation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

If the applicant has requested the use of a CUAC utility allowance, TCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from TCAC, this project is not eligible to use a utility allowance based on the CUAC.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

The applicant must ensure the project meets all Additional Threshold Requirements of the proposed project. If points were awarded for service amenities, the applicant will be required to provide such amenity or amenities identified in the application, for a minimum period of fifteen years and at no cost to the tenants. Applicants that received points for sustainable building methods (energy efficiency) must submit the certification required by Section 10325(c)(5) at project completion. Applicants that received increases (exceptions to limits) in the threshold basis limit under Section 10327(c)(5) must submit the certification required by Section 10322(i)(2) at project completion.

Points System	Max. Possible Points	Requested Points	Points Awarded
Owner / Management Characteristics	10	10	10
General Partner Experience	7	7	7
Management Experience	3	3	3
Housing Needs	10	10	10
Site Amenities	15	15	15
Within ½ mile of transit station or public bus stop	3	3	3
Within ½ mile of public park or community center open to general public	3	3	3
Within 1 mile of a full-scale grocery/supermarket of at least 25,000 sf	4	4	4
Special Needs project within ½ mile of facility serving tenant population	3	3	3
Within ½ mile of medical clinic or hospital	3	3	3
Within ½ mile of a pharmacy	2	2	2
In-unit high speed internet service	2	2	2
Service Amenities	10	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
Other Services Specialist, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
Adult ed/health & wellness/skill bldg classes, min. 84 hrs/yr instruction	7	7	7
SPECIAL NEEDS HOUSING TYPE			
Case Manager, minimum ratio of 1 FTE to 100 bedrooms	5	5	5
Service Coordinator/Other Services Specialist, min. ratio 1 FTE to 360 bdrms	5	5	5
Adult ed/health & wellness/skill bldg classes, min. 84 hrs/yr instruction	5	5	5
Lowest Income	52	52	52
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
Readiness to Proceed	10	10	10
Miscellaneous Federal and State Policies	2	2	2
Smoke Free Residence	2	2	2
Total Points	109	109	109

Please Note: If more than the maximum Site Amenity points were requested, not all amenities may have been scored and/or verified.

DO NOT RELY ON SCORING IN THIS COMPETITIVE CYCLE FOR FUTURE APPLICATIONS. ALL RE-APPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.